

# Committee on Resources,

## Subcommittee on Energy & Mineral Resources

[energy](#) - - Rep. Barbara Cubin, Chairman

U.S. House of Representatives, Washington, D.C. 20515-6208 - - (202) 225-9297

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### Witness Statement

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TESTIMONY OF NOLAN LLOYD  
BEFORE THE SUBCOMMITTEE ON ENERGY & MINERAL RESOURCES  
TO: HOUSE SUBCOMMITTEE ON ENERGY & MINERAL SOURCES  
HONORABLE BARBARA CUBIN, CHAIRMAN

I appreciate this opportunity to give you my testimony of how the new regulations have impacted the economy of Elko county. I come to you as the chairman of the Elko County Commission and also as a manager of an exploration company seriously impacted by these regulations. I have been employed in the mineral exploration business for the past 35 years.

In 1994 approximately 400,000 of Nevada's 700,000 mining claims were dropped or abandoned as a result of the \$100 per claim fee imposed by the Federal Government. Prior to the rental fee implementation, each unpatented mining claim in Nevada had to have \$100 equivalent of assessment or due diligence work performed on it annually to hold it. The loss of 400,000 claims created a direct \$40 million annual loss to the economies of Nevada. These dollars were spent in local communities for drilling companies, surveying, earth moving contractors, etc. who did work for the claim holders. Time did not permit me to obtain the exact numbers for Elko County but the numbers are very significant. In addition, there was \$30 million given directly to the Federal Government in holding fees on the remaining approximately 300,000 claims, money that left the state. This loss not only effects us today, but will continue to hamper future discovery and production by undiscovered deposits worth potentially billions. Although production (of gold) has stayed about the same in our area, it is known that as exploration is reduced a reduction in production will follow in 4-6 years. So if the trend continues, the worst is yet to come!

The implementation of the new bonding requirements added another significant blow to the industry. I have personal knowledge how these regulations caused major impact to the exploration business. In our business alone we have had to reduce our operations because of the lack of work. Much of our exploration work was assessment work. We have reduce from 12 operating rigs in the years prior to the new regulations to 4 operating rigs as of today, and they are not operating as yet this year. There are a number of exploration companies in our area who have likewise been affected. The direct and indirect impact is multiplied many times as it is estimated the money circulates through the local economies 3 to 4 times.

The new 3809 regulations have further decreased the exploration dollars spent in Nevada. As we have contacted our clients this year concerning their drilling programs the message we have received is they do not plan on doing much exploration work, "Why drill it, if we cannot mine it?" is the comment we are told.

As reported in the Nevada Miner, February 2001, Nevada was rated at the top for overall mining investment attractiveness by the Fraser Institute. This rating and attractiveness is being negatively impacted by the enormous amount of Federal regulation that has been imposed. This is supported by the Nevada Division of Minerals annual exploration survey, which shows exploration spending in Nevada declining from \$154

million in 1994 to \$87 million in 1999. I am sure when the numbers are compiled for 2000 they will continue to decline. It is no secret that mining companies are spending their exploration dollars in areas with a more favorable climate to the industry, i.e. out of the United States.

In conclusion, the full impact of these regulations may be difficult to delineate. They are real dollars and amount to millions of dollars lost to local and state economies. These losses are reflected in Elko County in many other areas such as fees to counties, housing, sales taxes and the list goes on. Just two days ago there was a headline in the Elko Daily Free Press which read, 'County permit fees drop 65 percent'.

Where the rubber meets the road, so to speak, is evidenced in the delimma of trying to balance the budget in Elko county. We are \$1.6 million short of balancing. That amounts to about 9% of our general fund. Now that doesn't sound like a lot of money, but it is very significant to us. It will result in reduction of services and jobs in Elko County, which happens to be the 5th largest county in the U.S. with about 17,000 square miles of area. I am here today a County Commissioner asking you to please consider the negative impact these regulations are having on local government and industry and do all that you can to reverse the trend.

I thank you for the opportunity to present this testimony.

Nolan Lloyd

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